

November 27, 2019

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources (the Department) regarding CenterPoint Energy's Application for Change in Accounting Method, Internal Revenue Service Form 3115, in Docket No. G008/M-19-687

Dear Mr. Wolf:

On November 1, 2019, CenterPoint Energy, Inc. (CenterPoint Energy or the Company) made a filing in the above referenced docket providing a copy of its Application for Change in Accounting Method (Form 3115) which was filed with the Internal Revenue Service on October 14, 2019.

CenterPoint Energy stated that the purpose of Form 3115 was to make a change in method of income tax accounting for mixed service costs under Section 263A of the Internal Revenue Code. CenterPoint Energy stated that its requested accounting change was for income tax purposes and had no impact on Generally Accepted Accounting Principles (GAAP) for CenterPoint Energy. In addition, CenterPoint Energy stated that its notification was for information purposes only and that no action was required of the regulatory body (Minnesota Public Utilities Commission) nor was any action being requested by CenterPoint Energy.

The Department reviewed CenterPoint Energy's Application for Change in Accounting Method (Form 3115) and notes that it pertains to the expensing of certain assets for tax purposes that were previously capitalized for tax purposes.<sup>1</sup> The Department understands that the assets in question will continue to be capitalized and depreciated for GAAP and ratemaking purposes. As a result, the Department notes that the requested accounting change for tax purposes only should not have a direct impact on overall tax expense reflected in Minnesota rates. However, the Department intends to review this issue in the context of CenterPoint Energy – Minnesota Gas' recently filed rate case in Docket No. G008/GR-19-524 to ensure that no additional tax expense is reflected in Minnesota rates and any related tax benefits that accrue from this accounting change (changes in accumulated deferred income taxes due to timing differences between book/GAAP and tax basis) are appropriately accounted for in Minnesota rates.

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<sup>1</sup>The amount of certain assets that were previously capitalized for tax purposes that CenterPoint Energy now proposes to expense for tax purposes in 2018 total \$7,486,562 for CenterPoint Energy – Minnesota Gas. See Attachment to Form 3115, Page 3 of 4 included in CenterPoint Energy's November 1, 2019 filing in Docket No. G008/M-19-687.

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The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ MARK JOHNSON  
Public Utilities Analyst Coordinator

MJ/ja

**CERTIFICATE OF SERVICE**

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**MINNESOTA DEPARTMENT OF COMMERCE – COMMENTS**

Docket Nos. **G008/M-19-687**

Dated this **27th** day of **November, 2019**.

/s/Linda Chavez

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